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Office of Personnel

OP MEMORANDUM NO. 20-29-18

3 August 1981

OFFICE OF PERSONNEL MEMORANDUM

SUBJECT : Full-Time Equivalency Employment Ceilings (FTE)

REFERENCE: a. FPM Bulletin 340-5, dtd 25 Aug 1980

1. Effective with the beginning of Fiscal Year 1982, Federal civilian employment will be controlled by Office of Management and Budget on the basis of Full-Time Equivalent Employment (FTE). Under FTE, the CIA ceiling as well as the Intelligence Community Staff's ceiling will be measured in terms of the maximum number of hours (not including overtime) its employees can work during the fiscal year. The work year ceiling will replace the existing end-of-year personnel ceiling system.

2. Background Information

In September of 1977, the President directed executive branch agencies to establish programs that would provide more opportunities for persons unable to work full-time by expanding employment opportunities for part-time permanent workers. In addition, the Office of Management and Budget and the Office of Personnel Management were directed to conduct an experiment with full-time equivalent (FTE) controls (i.e., work year ceilings) in a few agencies. Commencing with FY 79, these agencies began to measure and report on their employment in terms of the number of hours worked.

The experiment was designed to accomplish two objectives:

a. To break down artificial barriers that may have inhibited the employment of permanent part-time workers; and

b. To determine whether FTE controls can improve personnel management, overcome some of the other difficulties under the existing end-of-year control system, and at the same time, not add significantly to the size of the Federal work force.

The results of the experiment were sufficiently encouraging; therefore, beginning with FY 1982, the entire executive branch will be shifted to a system of FTE controls. The Director was notified of this requirement in an OMB allowance letter dated 12 February 1980.



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3. Definitions of Full-Time Equivalent (FTE) Employment Ceilings and Categories

Employment ceilings will be stated in full-time equivalent terms, i.e., compensable work years. Compensable work years equal hours worked divided by 2,080. Estimates of overtime and holiday hours are not a part of the employment ceilings. Work year ceilings apply to appointments rather than to positions. TWO CEILINGS will be provided:

a. A ceiling on full-time permanent employment (FTP) representing an upper limit on the cumulative number of compensable work years for full-time employees with permanent appointments.

1) FTP includes Staff Employees, Contract Employees, and Details In (reimbursable):

- Whose appointments are greater than one year.
- Who work a full-time or scheduled tour of duty.
- Who work a regularly scheduled pay period (bi-weekly) of 80 hours or more or 160 hours (4-week pay period).

2) Hours worked by FTP employees are counted under FTE when on paid vacation or paid sick leave (except those on S/L pending disability retirement). Employees who work during a reporting period, but who separate before the end of the pay period are also counted.

3) Any employee who changes status from one pay period to the next (e.g., from Temporary to Permanent) during a reporting period will be recorded (hours and employee count) to reflect their status during the last day of the pay period.

b. A ceiling on total employment, representing an upper limit on the total compensable work years for the agency. This ceiling will be the sum of the FTE ceiling on FTP employment plus the approved FTE for other categories of employment.

1) All other categories of employment are defined as Part-time, Temporary Full-time, and Intermittent Employees, either Staff or Contract.

Part-time employee - one who is regularly employed on a prescheduled tour of duty that is less than the specified hours or days of work for full-time employees in the same group or class.

Temporary full-time employee - one who is appointed or contracted for on a temporary basis for one year or less. (If extended beyond a year, will be charged to FTP).

Intermittent employee - one who is employed on an irregular or occasional basis, with hours or days of work not on a prearranged schedule, and with compensation only for the time actually employed or for services actually rendered.

2) The full-time equivalent ceilings will take into account both seasonal variations in personnel requirements and employment trends (increasing or decreasing personnel levels).

NOTE 1: Employees in non-ceiling programs, i.e., Summer Only, Student Trainee, and Graduate Fellows are not charged to FTE ceilings.

NOTE 2: One objective of the FTE (work year) ceiling approach is to provide agencies with greater flexibility in managing the "mix" of their work forces. For example, if FTE ceiling were 1,000 on full-time permanent employment and 1,100 on total employment, the Agency would employ approximately 1,200 employees (assuming the "other" employees averaged 20 working hours per week). The Agency could forego 100 FTP's and hire another 200 additional "other" employees as long as the total ceiling of 1,100 work years is not exceeded.

4. Reporting

The Agency's FTE System supports the Office of the Comptroller as well as Agency Directorates in monitoring FTE employment ceilings. Data will be collected within the Agency over the twenty-six pay periods. The Comptroller's office will submit 13 reports annually to OMB, each covering a four-week period. The primary basis for data included in our FTE reports will be extracted from our existing PAYROLL and PERSIGN Systems.

The FTE Program enables agencies to utilize their human resources optimally. Every month in CIA an employment report will be computer-generated reflecting actual work year expenditures up to that point in the fiscal year by Directorate and office. Reports will also be generated to forecast usage at current rates (early warning system).

Projections are extremely useful information since they show each organization it needs either to hire more employees or to leave vacancies unfilled as attrition occurs. Managers can more clearly understand what resources are available to them. With the end-of-year ceiling method the only concern was to have the correct number of employees on board at the end of the year and to stay within budget constraints. The FTE Program serves as a much better management tool in tracking resource usage, thereby allowing us to more effectively allocate and utilize work years. FTE uses a flow concept--as hours are worked, deductions are made from the Agency's total.

There will continue to be a ceiling on the number of full-time positions authorized for each office or division which will be reflected on the staffing complement. The ceiling for total employment and positions for part-time employees will not be established and recorded on the staffing complement.

Future changes in Staffing needs must be identified well in advance of their occurrence. Under FTE, managers should be aware that "trainee" hiring must not only be keyed to current vacancies--but to full performance in vacancies that will be coming up 2-3 years from now.

5. Additional Objectives of FTE

Closer employment controls:

- FTE employment ceiling is not exceeded.
- Employment requirements kept under continuous review.
- Appointments authorized limited to those that can be financed from available funds.
- Employment not permitted to reach a point requiring RIF or other disruptive actions to preclude exceeded year-end ceilings.

6. Problems/Pitfalls of FTE

An agency will not use its FTE work years if the ceiling is looked at in the absolute and is not exceeded during the year. The more successful test agencies were slightly over strength during the first part of the year and attrition took them slightly under at the end of the year.

Recruitment projections must take processing lag time into consideration and recruit early for those employees where lag time is extensive.

When an agency has a declining work year ceiling, it will be necessary to monitor the rate of attrition carefully in order to avoid severe difficulties.

7. The Office of Personnel will be conducting training sessions for managers and staff specialists involved with the FTE System.

[Redacted Signature]

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